

**REMARKS**

Claims 1-18 are pending in the above-identified application, and were rejected. With this Amendment, claims 1, 2, 7, 9, 10, 14, 17, and 18 were amended. Accordingly, claims 1-18 remain at issue.

**I. 35 U.S.C. § 102 Anticipation Rejection of Claims**

Claims 1-18 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,389,538 to Gruse et al. Applicant respectfully traverses this rejection.

Claim 1, as amended is directed to a content secondary distribution management system comprising a plurality of user devices, for managing secondary distribution in which a transaction of content usable by a user device is performed between the plurality of user devices. A first settlement log is issued from a first of the plurality of user devices to one of a service provider and a clearing center every time the content is distributed by the first user device. A second settlement log is issued from a second of the plurality of user devices to the one of a service provider and a clearing center every time the content is distributed by the second user device. Settlement processing for the content is performed based on the first settlement log and the second settlement log under the management of the one of a service provider and a clearing center.

Gruse discloses a clearinghouse that is capable of billing a user for purchasing electronic content. Gruse also discloses logging when a user plays the digital content or transfers it to an external medium. This is done in order to track the usage of the licenses for the digital content and to prevent unauthorized use of the content (See abstract). Gruse does not, however, teach or even suggest a system relating to billing for the secondary distribution (*i.e.*, distribution by a user

after initial purchase) of date. More specifically, Gruse does not teach or suggest that a settlement logs are issued from first and second user devices and that settlement processing (*i.e.*, billing for the data) is then performed based on the settlement logs.

By contrast, the present invention allows payment to be received for transfers of digital content made between users after the initial sale. This is accomplished by sending a settlement log every time the content is distributed from the first user device or the second user device. Based on these settlement logs, settlement processing is then performed to determine billing for the secondary distribution of the content. As this feature is neither taught, nor even suggested by Gruse, Applicant submits that claim 1, as well as dependent claims 2-8, are allowable. For similar reasons, Applicant submits that independent claims 9, 17, and 18, as well as dependent claims 10-16, are also allowable.

## II. Conclusion

In view of the above amendments and remarks, Applicant submits that all claims are clearly allowable over the cited prior art, and respectfully requests early and favorable notification to that effect.

Respectfully submitted,

By:   
Mariana N. Saito  
Registration No. 42,121  
SONNENSCHEIN NATH & ROSENTHAL LLP  
P.O. Box 061080  
Wacker Drive Station, Sears Tower  
Chicago, Illinois 60606-1080  
(312) 876-8000

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